

PUBLIC MEETING NOTICE
Pursuant to Act 84 of 1986 - Sunshine Act

The monthly meeting of the Members of the Board of the Pennsylvania Housing Finance Agency will be held on **Thursday, November 9, 2017 at 10:30 a.m.** at the offices of the Agency, 211 North Front Street, Harrisburg, Pennsylvania. The purpose of this meeting is to conduct normal Agency business and to approve the issuance of certain Agency securities. Inquiries should be directed to the Secretary.

If you are a person with a disability and wish to attend this meeting and require an auxiliary aid, service or other accommodation to participate, please contact the Secretary by Tuesday, November 7, 2017 to discuss how the Pennsylvania Housing Finance Agency may best accommodate your needs.

Anyone wishing to be recognized by the Chair to address the Members of the Board at this meeting must contact the Secretary no later than Tuesday, November 7, 2017 either in writing or by telephone and detail the nature of their presentation.

Carrie M. Barnes
Secretary
Phone: 717.780.3911
TTY (in Pennsylvania): 711

**Pennsylvania Housing Finance Agency
Meeting of the Board
October 12, 2017**

Members Present:

- *Robin Wiessmann, Chair
- *Thomas B. Hagen, Vice Chair
- *Craig Alexander
- *Ben Laudermitch (serving in the stead of
Teresa Miller, Acting Secretary, Human Services)
- *Kathy Possinger (serving in the stead of
Dennis Davin, Secretary, Department
of Community and Economic Development)
- *Robert Loughery
- *Noel Eisenstat
- *Ross Nese
- *John Paone
- *Mark Schwartz
- *Keith Welks (serving in the stead of
Joseph Torsella, State Treasurer)

*On Telephone conference call

Members Absent:

Ron Croushore
Maria F. Coutts

Others Present:

Brian A. Hudson, Executive Director
Rebecca L. Peace, Deputy Executive Director/Chief Counsel
Holly Glauser, Director of Development
Kim Boal, Director of Information Technology
Nancy Twyman, Director of Eastern Region
Ali Tomich, Director of Western Region
Bryce Maretzki, Director of Strategic Policy & Planning
William Fogarty, Director of Government Affairs
Gail Shull, Senior Development Officer
Kelly Wilson, Development Officer II
Melissa Grover, Government Affairs Associate
Chris Anderson, Communications Officer
Scott Elliott, Director of Communications
John Zapotocky, Director of Accounting
Jordan Laird, Manager of Investments
Joseph Knopic, Director of Finance
Carl Dudeck, Director of Housing Management
David Doray, Manager of Multifamily Underwriting
Clay Lambert, Business Policy Officer
Steve O'Neill, Assistant Counsel
Stan Salwocki, Manager of Architecture & Engineers
Lori Toia, Director of HEMAP
Diane Hoffman, Manager of Accounting

Larry Jackson, Manager of Internal Audit
Adrienne Trumpy, KMPG
Michael Polite, Chairman and CEO, Ralph A. Falbo, Inc.
Larry Chan, Project Manager, Ralph A. Falbo, Inc.
Maggie Strawser, Assistant Secretary
Carrie M. Barnes, Secretary

A meeting of the Members of the Board of the Pennsylvania Housing Finance Agency was held on Thursday, October 12, 2017 at 10:30 a.m. at the offices of the Pennsylvania Housing Finance Agency, 211 North Front Street, Harrisburg, Pennsylvania.

In compliance with the provisions of the Sunshine Act, notification of this meeting appeared in the Legal Notices Section of *The Patriot News* in Harrisburg, Dauphin County on October 1, 2017.

1. **CALL TO ORDER AND ROLL CALL**

The meeting was called to order by Chair Wiessmann at 10:35 a.m. The roll was called and a quorum was present.

2. **APPROVAL OF THE MINUTES FROM THE SEPTEMBER 14, 2017 BOARD MEETING**

There were no additions or corrections to the minutes.

Mr. Welks made the motion that the minutes from the September 14, 2017 Board meeting be approved as submitted. This motion was seconded by Ms. Possinger and was unanimously approved.

3. **PROGRAM AND DEVELOPMENT REVIEW COMMITTEE REPORT**

Mr. Welks as Chair of the Program and Development Review Committee reported that the Committee met prior to the Board meeting and reviewed the following agenda items.

A. **Tax-Exempt Financing Request – Allegheny Dwellings, Pittsburgh, Allegheny County**

Ms. Shull reviewed the project and its financing plan. She noted that this new construction will replace public housing. All of the tenants will be relocated by the Housing Authority of the City of Pittsburgh and will be able to move into the new units as they are completed. Staff recommends approval of this financing request.

Mr. Welks reported that the PDR Committee concurs with staff's recommendation.

Mr. Welks made a motion that the Board approve the resolution authorizing the issuance of Special Limited Obligation Multifamily Housing Development

Bonds in a maximum aggregate principal amount of \$11,500,000 for Allegheny Dwellings Phase I. This motion was seconded and unanimously approved. (See Appendix 1 of these Minutes.)

B. Allocation of Tax-Exempt Issuing Authority

1. Crawford Square Apartments, Pittsburgh, Allegheny County

Ms. Shull reviewed the project and its financing plan. She reported that the tenants will be relocated on-site during the rehabilitation and then returned to their units upon completion of work. There will be no permanent displacements. Staff recommends approval of this request for an allocation of tax-exempt issuing authority.

Mr. Welks reported that the PDR Committee concurs with staff's recommendation.

Mr. Welks made the motion that the Board approve the resolution authorizing the issuance of a 2017 housing related bond allocation to Crawford Square Apartments. This motion was seconded and unanimously approved. (See Appendix 2 of these Minutes.)

2. Northside Residences 1, Pittsburgh, Allegheny County

Ms. Wilson reviewed the project and its financing plan. She reported that a number of the tenants will be relocated during construction while several others will be able to remain in their units during rehabilitation. All relocation costs have been included in the capital budget. Staff recommends approval of this request for an allocation of tax-exempt issuing authority.

Mr. Welks reported that the PDR Committee concurs with staff's recommendation.

Mr. Welks made the motion that the Board approve the resolution authorizing the issuance of a 2017 housing related bond allocation to Northside Residences I. This motion was seconded by Mr. Nese and was unanimously approved. (See Appendix 3 of these Minutes.)

C. RFP for 2018 Tax-Exempt Bond Allocations

Ms. Glauser reported that the Agency has experienced an increase in the requests for an allocation of tax-exempt volume cap. Currently the allocation of volume cap is being issued on a first come, first served basis.

For 2018, staff is recommending a two-step process in which a preliminary application will be submitted and then reviewed by staff to determine its financial viability and tax credit eligibility. If the project meets the preliminary applications criteria, the applicants will be invited to submit a full underwriting application.

Ms. Glauser reported that preliminary applications will be received between November 3, 2017 and April 1, 2018. Following preliminary application approval, underwriting applications will be accepted until June 1, 2018. Staff believes that this two-step process will streamline and expedite underwriting and closing of these developments.

Ms. Glauser highlighted the various requirements of each of the two-steps under this revised RFP process. She reported that staff recommends approval.

Mr. Schwartz believes that the proposed changes will be beneficial and he hopes that they will save time and ensure that projects are ready to close within their expected timeframe.

Mr. Welks reported that the PDR Committee concurs with staff's recommendation.

Mr. Welks made a motion that the Board approve the RFP for 2018 Tax-Exempt Bond Allocations. This motion was seconded and unanimously approved. (See Appendix 4 of these Minutes.)

D. Other Business

There was no other business to be brought before the Board by the Committee.

4. HEMAP Committee Report

Mr. Paone, as Chair of the HEMAP Committee reported that the committee met jointly with the Audit Committee to review the HEMAP financial statements for the year ended June 30, 2017. Mitchell & Titus, the auditors for HEMAP reported that the audit is a "clean" audit with no problems or concerns. The HEMAP Committee recommends acceptance of the audit by the Board.

5. Audit Committee Report

Ms. Possinger, as Chair of the Audit Committee reported that the committee met jointly with the HEMAP Committee to review the Agency and HEMAP financial statements for the year ended June 30, 2017. KPMG, auditors for the Agency reported that the Agency has corrected prior internal control audit issues and KPMG reported that the current audit is a

“clean” audit with no problems or concerns. The Audit Committee recommends acceptance of the audit by the Board.

Ms. Possinger made the motion that the Board accept both the HEMAP and PHFA year end financial statements for the year ended June 30, 2017. This motion was seconded by Mr. Paone and was unanimously approved.

6. OTHER BUSINESS

A. November 9, 2017 PHFA Board Meeting

Mr. Hudson informed the Board that the November 9, 2017 meeting will be held via telephone conference call. Board members will be contacted by the Secretary regarding this meeting.

B. PHFA Board December Meeting Schedule

Mr. Hudson reminded the Board that the annual policy meeting will be held on Wednesday, December 13, 2017 beginning at 9:00 a.m. at the Agency. Any Board member who has an item which they would like to have placed on the agenda should contact Mr. Hudson as soon as possible. He noted that there will be a dinner for the Board that evening.

The regular December 14 Board meeting will begin at 10:30 a.m.

Both of these meetings are planned as in-person meetings and Board members are encouraged to attend.

7. ADJOURNMENT

There being no further business to be discussed, a motion was made and seconded that the meeting be adjourned. The motion was unanimously approved. Chair Wiessmann adjourned the meeting of the Board at 11:00 a.m.

The next regularly scheduled meeting of the Members of the Board of the Pennsylvania Housing Finance Agency will be held on Thursday, November 14, 2017 at 10:30 a.m. at the offices of the Agency, 211 North Front Street, Harrisburg, Pennsylvania.

Respectfully submitted,



Carrie M. Barnes
Secretary

ALLOCATION OF TAX-EXEMPT ISSUING AUTHORITY

Pennsylvania Housing Finance Agency
November 8, 2017

SUBJECT: University Square Apartments

Request for an Allocation of Tax-Exempt Issuing Authority
Tax-Exempt/Tax Credit Development: PHFA No. TC2017-137, 442 units
City of Philadelphia, County of Philadelphia, Region 1
Development Officer: Ann A. Mermelstein

TO: Members of the Board
Pennsylvania Housing Finance Agency

FROM: Brian A. Hudson
Executive Director



Proposal Description

University Square Apartments is an existing 442-unit development located at 3901 Market Street, in a mixed residential/commercial area of West Philadelphia. This proposal is for the preservation and moderate rehabilitation of a nineteen-story building for senior occupancy, age 62 and above. There are 441 one-bedroom units and one manager's unit. The structural system is concrete with a concrete and Dryvit exterior finish. The development contains a total of approximately 418,793 square feet on approximately 2.61 acres of ground.

1. Construction Financing Plan

Construction financing will be provided in the approximate amounts of:

Tax Exempt Bonds (PAID)	\$ 98,215,000
Taxable Bond Loan (PAID)	33,650,000
Interim Income	1,439,922
Equity from the Sale of Tax Credits	1,395,877
Deferred Developer's Fee	<u>6,436,922</u>
Total Development Cost	\$141,137,721

2. Permanent Financing Plan

Permanent financing will be provided in the approximate amounts of:

Tax Exempt Bonds (PAID)	\$ 98,215,000
Interim Income	1,439,922
Deferred Developer's Fee	3,654,163
Equity from the Sale of Tax Credits	<u>37,828,636</u>
Total Development Cost	\$141,137,721

3. Development Costs

The Philadelphia Authority for Industrial Development ("PAID") will be the issuer of three series of tax-exempt bonds – Series I of \$56,785,000, Series II of \$6,460,000 and Series III of \$34,970,000. The bond proceeds will be used to establish an escrow from which funds will be disbursed during construction and will convert to permanent loans, each having a 40 year term.

	<u>Total</u>	<u>Per Unit</u>	<u>Per Sq. Ft.</u>
Construction Cost	\$ 25,589,140	\$ 57,894	\$61
Replacement Cost	\$121,536,586	\$274,970	\$290
Total Replacement Costs & Reserves	\$128,704,989	\$291,188	\$307
Total Development Costs	\$141,137,721	\$319,316	\$337
Tax-Exempt Bond	\$98,215,000	\$222,206	\$235
Acquisition Costs	\$89,320,000	\$202,081	\$213

4. Leveraging of Other Resources

The owner anticipates that PNC Bank will provide an equity contribution of \$37,828,636 from the proceeds of the syndication of federal Low Income Housing Tax Credits, with a gross pay-in of \$0.95. The development anticipates qualifying for an allocation of Low Income Housing Tax Credits in the approximate amount of \$3,946,362. Developments financed with tax-exempt private activity bonds are generally eligible to claim a four percent credit allocation on the development's eligible basis.

5. Rental Estimates

Unit Type	No. of Units	Avg. Net Rentable Sq. Ft.	Projected Tenant Rent	Estimated Cost of Utilities	Rental Subsidy	Total Housing Expense
1 BR	45	580	\$301	---	\$862	\$1,163
1 BR	184	580	\$301	---	\$862	\$1,163
1 BR	212	580	\$301	---	\$862	\$1,163
<u>1 BR</u>	1	580	---	---	---	---
Total	442					

440 of the units receive rental assistance under an existing HUD Section 8 Housing Assistance Payment Contract.

45 units will be available to tenants earning up to 20% of the area median income, 184 units will be available to tenants earning up to 50% of area median income and the remaining 212 units will be available to tenants earning up to 60% of the area median income. There will also be one manager's unit.

6. Relocation

Tenants will be temporarily relocated to complete the proposed renovations. In order to facilitate the temporary relocation, a hospitality lounge, located in the community area on the ground floor, will be available for the residents. The budget provides for the cost of the temporary relocation as needed to complete unit renovations.

7. Supportive Services

Supportive services will be coordinated by the management agent, Orbach Affordable Management, LLC, with a wide array of services provided. Two full-time supportive service coordinators will be on site to provide direct support for tenants. Services will include case management, information and referral, educational workshops, computer classes, community meetings, social gatherings and building partnerships with community agencies.

8. Commercial Space

The building contains approximately 93,689 square feet of commercial space comprised of approximately 83,524 square feet located in an attached two-story building and approximately 10,165 square feet located on the first and second floors of the residential building.

Development Team

1. Identification of Owner

The owner of this development is University Plaza Associates, a Pennsylvania limited partnership, with OAHS University Square GP LP becoming the managing general partner.

2. Development Team Members

Sponsor:	Orbach Affordable Housing Solutions LLC Jay Reinhard Englewood Cliffs, NJ
Owner:	University Plaza Associates Meyer Orbach Englewood Cliffs, NJ
Attorney:	Nixon Peabody LLP Aaron Yowell New York, NY
Architect:	Kitchen and Associates Eugene Schiavo Collingswood, NJ
Contractor:	Pyramid ETC Companies LLC Bradley Coleman Ramsey, NJ
Management Agent:	Orbach Affordable Management LLC Jay Reinhard Englewood Cliffs, NJ

Site Description

University Square Apartments is located on a 2.61-acre site located in a mixed residential and commercial area of West Philadelphia. The site is level and is zoned CMX-4, Center City Commercial Mixed-Use District, with multi-family housing as a permitted use.

A number of neighborhood amenities are located within a few blocks of the site. Public transit bus service is located at the subject property, providing access to additional services throughout the City.

Conditions

Final allocation of volume cap will be conditioned upon receipt of the following:

1. Evidence, satisfactory to the Agency, that all conditions and qualifications relating to Section 42 of the Internal Revenue Code of 1986, as amended (the "Code"), including, but not limited to, the Issuer's determinations made pursuant to Section 42(m)(2)(D) of the Code, and all applicable requirements of the Agency's Tax Credit Program have been met.
2. Evidence, satisfactory to the Agency, that all conditions and qualifications relating to Sections 103 and 142 (and related sections) of the Internal Revenue Code of 1986, as amended, have been met.
3. Compliance with the timeframes and deadlines established by the Agency.
4. Evidence of the commitment of construction and permanent financing and equity in amounts sufficient to ensure financial feasibility of the project.
5. Evidence of the commitment to serve low income tenants for a period of not less than 30 years, which will be included in the Restrictive Covenant Agreement.
6. Evidence of the satisfaction of accessibility requirements.
7. Evidence of all requisite HUD approvals.

**RESOLUTION OF THE MEMBERS OF THE PENNSYLVANIA HOUSING FINANCE AGENCY
AUTHORIZING 2017 HOUSING RELATED BOND ALLOCATION
University Square Apartments**

WHEREAS, the Pennsylvania Housing Finance Agency (the "Agency") exists and operates by virtue of and pursuant to the Housing Finance Agency Law, (1959, Dec. 3, P.L. 1688, as amended, 35 P.S. 1680.101, et seq.) (hereinafter, "the Act"); and

WHEREAS, private activity bond volume cap ("Volume Cap") is available to the Agency for the purpose of issuing housing bonds in accordance with the Internal Revenue Code of 1986, as amended (the "Code"), and with applicable laws and regulations in the Commonwealth; and

WHEREAS, the Agency issued its Multifamily Housing Application that includes a Request for Proposals for Volume Cap for Tax Exempt Bond Financing ("RFP") inviting developers of residential rental facilities to seek an allocation of Volume Cap; and

WHEREAS, Applicant, OAHS University Square GP LP, which is to become the general partner of University Plaza Associates, has requested an allocation of Volume Cap for the acquisition and rehabilitation of 442 units of senior (sixty-two and older) occupancy housing in the City of Philadelphia, Philadelphia County; and

WHEREAS, the Agency has determined to provide a preliminary allocation of Volume Cap in an amount not to exceed \$110,000,000 for the issuance of private activity bonds by the Philadelphia Authority for Industrial Development ("Issuer"), subject to satisfaction of certain conditions set forth below.

NOW THEREFORE, be it resolved by the members of the Pennsylvania Housing Finance Agency on this 9th day of November, 2017, as follows:

Section 1. Staff is hereby authorized to take all necessary actions to provide a conditional preliminary allocation of Volume Cap in an amount not to exceed \$110,000,000 (which includes a contingency amount) for the tax exempt bond financing of University Square Apartments subject to the following conditions: a.) evidence, satisfactory to the Agency, that all conditions and qualifications relating to Section 42 of the Internal Revenue Code of 1986, as amended (the "Code"), including, but not limited to, the Issuer's determinations made pursuant to Section 42(m)(2)(D) of the Code, and all applicable requirements of the Agency's Tax Credit Program have been met; b.) evidence, satisfactory to the Agency, that all conditions and qualifications relating to Sections 103 and 142 (and related sections) of the Code have been met; c.) compliance with the timeframes and deadlines established by the Agency; d.) evidence of the commitment of construction and permanent financing and equity in amounts sufficient to ensure the financial feasibility of the project; e.) evidence of the commitment to serve low income tenants for a period of not less than 30 years, which will be included in the Restrictive Covenant Agreement; f.) evidence of the satisfaction of accessibility requirements; and g.) evidence of all requisite HUD approvals.

Section 2. The action taken by the Agency is hereby declared to be an affirmative official act of the Agency toward the issuance of private activity bonds to finance the above named project; provided that in no event shall this official act be construed as an acceptance of any liability on behalf of the Agency nor as an indication of final selection for financing or a commitment of Volume Cap.

Section 3. This resolution shall be effective immediately.

Pennsylvania Housing Finance Agency
Memorandum

November 9, 2017

To: Members of the Board
Pennsylvania Housing Finance Agency

From: Brian A. Hudson, Sr. 
Executive Director

Re: Housing Trust Fund (PHARE)
2018 Draft Plan

In November 2010, the Pennsylvania Housing Affordability and Rehabilitation Enhancement Program ("PHARE") was established (Act 105 of 2010), creating a housing trust fund. The fund can be used for a variety of purposes, including: providing dwellings for rent or purchase to low and moderate-income individuals or families; increasing the availability or quality of housing for elderly persons and accessible housing for persons with disabilities; preventing and reducing homelessness; development and rehabilitation of distressed neighborhoods; mortgage or rental assistance including housing counseling, foreclosure prevention and refinancing products; or providing loans or grants to low and moderate income owner occupants for repairs or improvements of their homes.

Funding allocated to projects may be used for predevelopment activities, acquisition of property, site preparation and construction, reconstruction and repair of existing structures, improvements and infrastructure. Funds may be used as a set aside for matching funds for counties that have established optional county affordable housing funds under 53 Pa. C.S. Ch. 60 (known as "local trust funds"). PHARE funds may not supplant existing resources dedicated to affordable housing activities, but they may be used to support, expand and enhance other programs administered by PHFA.

Under PHARE, PHFA may give preference to projects that meet specific goals, consider geographical distribution of program funds to ensure that all areas of the Commonwealth may participate, and make 30% of funds available for housing programs benefitting households with income less than 50% of the median area income.

For 2018 and beyond the Agency is proposing a Plan that combines the revenue and legislative requirements of Act 13 of 2012 (Marcellus Shale Impact Fee), Act 58 of 2015 (Realty Transfer Tax) and National Housing Trust Fund (HTF) The specific legislative requirements for each program are described below.

Act 13 of 2012 provides for impact fees relating to activity in the Marcellus Shale region of the Commonwealth. The "Impact Fee" Act includes funding for PHARE. Funding in the amount of \$2,500,000 for 2011 and \$5 million annually thereafter are specified for deposit in the PHARE fund. The Impact Fee Act has restrictions on which counties may receive funding. Under the legislation, not less than 50% of the funds must be used in 5th, 6th, 7th and 8th class counties. All interest and other earnings remain in the fund.

Act 58 of 2015 provides revenue from the Realty Transfer Tax (RTT) to PHARE. These additional funds will expand the PHARE program to all 67 counties of the Commonwealth. PHARE will receive an allocation of funds based on a formula using the 2014 year as a base. The formula makes revenue available to the fund equal to the lesser of forty percent (40%) of the difference between the total dollar amount of the Realty Transfer Tax imposed under section 1102-C of the Tax Reform Code of 1971

collected for the prior fiscal year and the total amount of RTT estimated for the fiscal year beginning July 1, 2014. The allocation to the fund will be capped at \$25 million annually. The Department of Revenue will certify the final figures on July 31st of each year.

The National Housing Trust Fund ("HTF") was enacted as part of the Housing and Economic Recovery Act of 2008 ("HERA") to provide resources to develop, preserve and rehabilitate housing for very low income and extremely low income households. Funding for the HTF is derived from Fannie Mae and Freddie Mac earnings. HTF funding will be made available to provide additional financial support to Tax Credit properties which increase the number of units set aside for Extremely Low-Income ("ELI") tenants. The Agency received approval from HUD of Pennsylvania's HTF Allocation Plan and is awaiting release of funding from HUD. Upon receipt of HUD program documents and release of funding, the Agency will announce the application process in accordance with the HTF Allocation Plan.

PHARE requires PHFA to adopt a plan establishing priorities each year and describing the method in which program funds will be distributed. The plan must be adopted and published after a 45 day public comment period.

Staff is proposing the attached Draft Plan for the PHARE Fund for your review. Following the 45-day public comment period a Final Plan will be presented for final Board approval.

2018 Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund - Draft

Background

Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund (PHARE)

The PHARE Fund was established by Act 105 of 2010 (the "PHARE Act") to provide the mechanism by which certain allocated state or federal funds, as well as funds from other outside sources, would be used to assist with the creation, rehabilitation and support of affordable housing throughout the Commonwealth.

The PHARE Act outlines specific requirements that include preferences, considerations, match funding options and obligations to utilize a percentage of the funds to assist households below 50% of the median area income. The PHARE Act provides a fairly broad canvas regarding the types of programs and the specific uses of any funding to allow flexibility in working with other state and federal acts and programs.

For calendar year 2018, the PHARE Fund includes funds available through Marcellus Shale (Act 13 of 2012), the Realty Transfer Tax (RTT) Funds (Act 58 of 2015) and the National Housing Trust Fund "HTF", authorized by the Housing and Economic Recovery Act of 2008 ("HERA").

This Plan includes the following general sections: principles of PHARE, Elements of the Plan, Application requirements and timeline. Thereafter, the Plan includes specific information and program requirements relating to each of the Marcellus Shale (Act 13) funds, the RTT funds and the HTF funds.

Principles of PHARE

In accordance with the PHARE Act, the monies will be used to address significant and persistent housing needs in communities with the following additional criteria:

- 1) **Maximize resource leveraging** – to the greatest extent possible, the resources allocated will be used as leverage for other public and private resources. Additionally, local non-financial assets should be identified and leveraged where possible – including transportation, schools, recreation, employment, health, community and economic development support and other amenities.
- 2) **Affordability** - The Agency encourages applicants to address the issue of long term affordability based on the local housing market conditions. To the greatest extent possible, programs and projects should be designed in ways to both maintain the investment made in the housing stock

and to continue affordability after initial assistance. This could include revolving loan programs, shared equity homeownership and other strategies for addressing this objective.

- 3) **Address greatest need** – the monies will be allocated in communities where the greatest housing needs are identified based on housing needs studies and assessments, interviews, real estate price factors, housing stock analysis and market studies. The limited resources available should be used to meet the most significant and pressing housing needs but may also be used to address longer term housing needs. Preference: Projects/programs that: 1.) Assist with the rehabilitation of blighted, abandoned or otherwise at risk housing and the reuse of vacant land where housing was once located; 2.) Provide funding for owner- occupied rehabilitation, first time homebuyers, and rental assistance; or 3.) Address ongoing needs for homeless families and individuals including veterans.
- 4) **Foster partnerships** – the funds should be used to maximize sustainable partnerships that will be committed to addressing the housing needs in these communities over a significant period of time. While the funds are to be used to directly support housing to meet community needs, the projects should also help establish capacity to address those needs over the long term. Preference: Projects/programs that incorporate social service entities which offer additional services to the residents within the community where the project/program is taking place.
- 5) **Effective and efficient implementation**– ensure that the resources are used effectively and efficiently to meet the housing needs. Given the expectation that demand for many types of housing will greatly exceed the funds available, it will be critical to maximize the effectiveness and efficiency for housing investments by the PHARE Fund. Preference: Projects/programs that assist the residents with the greatest need in that particular region and can document highly effective strategies to address unmet need.
- 6) **Equitable and transparent** – create a plan and equitable allocation process that provides transparency to all stakeholders. Funding decisions and reporting will be done in accordance with legislative requirements.

Elements of the Plan

Analysis of Need – one of the most critical components of the plan is to continually assess housing need in these communities. From both a quantitative and qualitative perspective the requirement to have accurate, reliable data from which funding decisions can be made is imperative.

It is important to recognize that this data will need to be municipality-specific to capture the unique and likely different housing needs in the various communities. In addition, the housing/real estate markets are diverse across communities and the analysis of need will require an understanding (qualitative and quantitative) of individual markets to make appropriate resource allocation decisions.

Building upon analysis already undertaken by the Agency and the Commonwealth, additional analysis may be performed to assess specific housing issues to identify housing needs (persons with special needs, elderly, larger households, physical disabilities, homeless, etc.) to appropriately target PHARE Fund resources to those in greatest need of housing. In addition to multiple types of housing analysis, PHFA will consider different income levels, nature of housing stock and the housing needs of those across a broad spectrum (homeless, near homeless, very low income, low income, temporary and seasonal workers, and permanent work force, etc.)

Understanding of real estate market dynamics – the plan for the utilization of these resources has been developed to address and continuously reevaluate the specific housing real estate markets in each community. The housing and real estate development “capacity” will also have significant impact on the ability of these funds to be used effectively and efficiently to meet the needs of the communities. There will be need for ongoing analysis of capacity (private, non-profit, public) as part of the plan. Some communities may not have had a significant housing market in decades while in others there may be a robust market addressing a significant portion of housing needs. The plan will help determine where additional housing development may be necessary, or where other strategies may be implemented for meeting the housing needs in those communities.

Allocation and use – The funding vehicle’s allocation process, created by the plan, must also be supportive of and responsive to the needs of the housing and real estate development market and should foster coordinated local housing plans and resources. Funds may be used to support predevelopment, site acquisition and infrastructure development, planning and preconstruction activity in addition to direct support of development and operation of projects and housing programs including employee assisted housing programs. Funds may be provided in various forms designed to best support the particular activity including grants; market rate, amortizing, balloon, bridge or soft loans; capital contributions; capital financing subsidy support; operating and supportive service reserve funding; rental or homeowner assistance. Funds may be specifically allocated to address timing issues presented in the development of affordable housing projects; i.e., when other financing is available, construction season, local zoning or other approvals. In addition, funding may be directed for administration by the Agency for certain projects approved for low income housing tax credits or other PHFA resources. Preliminary allocations may be made for projects/programs awaiting approval of additional resources. Projects/programs that do not commence within 1 year may have the preliminary allocation withdrawn.

High quality design and construction – a vital element of the plan will be the development of housing that is both of good quality design and construction and will be sustainable over a long period of time.

The opportunity to meet the growing housing needs in these communities will necessitate that this housing be available as an asset for the community for many generations. To meet that objective requires that projects funded with these resources meet the highest design and construction quality standards available and that all projects ensure sustainability to the long term (both financial and physical). Funds may be specifically allocated to support green and renewable energy sources and as leverage to consumer programs available through utility companies or other business partners.

PHARE Application Process

The elements of the application and allocation process include;

- Adoption of “plan” for managing the anticipated PHARE funds by PHFA each year.
- PHFA will establish an annual application process that will allow the Agency to address local housing needs.
 - PHFA may amend the plan, application and the allocation process at any time, upon written publication of such amendments.
- Announcement of application and possible training/information session concerning the elements of the application.
- Applications accepted and reviewed by PHFA staff based on the application and plan requirements.
- As part of the RFP process, PHFA will recommend that all applicants target a minimum of 30% of their awarded PHARE funds to support households with incomes below 50% of median area income.
- Project recommendations reviewed by PHFA.
- Announcement of preliminary funding approval.

Applicants are expected to satisfy the affordability requirements of the PHARE program and commit to a long term sustainable program to maintain affordability (which may be documented with restrictive covenants or other program documents). Applicants must abide by prevailing wage where applicable.

Timeline

The Agency will align the application and funding timelines of its programs that support multifamily affordable rental housing - Tax Credits, PennHOMES and PHARE (Marcellus Shale, RTT and HTF) - to strategically and efficiently allocate these resources.

The following is the proposed timeline for 2018 program administration:

- Tax Credit Allocation Plan and PHARE Plan – Initial Draft
- Tax Credit Allocation Plan and PHARE Plan – Final
- Intent to Submit (Tax Credit) Due
- PHARE RFP – Issued
- Tax Credit Applications Due
- PHARE Applications Due
- PHARE Funding Awards

PHARE/Marcellus Shale Impact Fee (Act 13 of 2012)

Purpose and Priorities for Funding

The Marcellus Shale Impact Fee (Act 13 of 2012) provides the funding mechanism to address the housing needs in impacted counties/communities of the Marcellus Shale region. Fifty percent (50%) of the awarded funds must be spent in 5th through 8th class counties.

The Marcellus Shale Impact Fee legislation (the "Impact Fee Act") specifically allocates certain amounts from the impact fee into the PHARE Fund to address the following needs, including;

1. Support for projects that increase the availability of affordable housing for low and moderate income persons and families, persons with disabilities and elderly persons in counties where unconventional gas wells have been drilled (regardless of production levels),
2. Provide rental assistance, in counties where unconventional gas wells have been drilled, for persons or families whose household income does not exceed the area median income, and
3. Specifies that no less than 50% of the funds are to be used in fifth, sixth, seventh and eighth class counties.

Direct Allocation - PHARE Fund will receive a direct yearly allocation from the portion of funds set aside for local distribution. The direct allocation is as follows: \$5.0 million each fiscal year beginning in 2013 and thereafter.

Windfall/Spillover Funds - Additional funds may become available because the Impact Fee Act limits amounts allocated to qualifying municipalities (as defined in the Impact Fee Act) and provides that any money remaining, after all allocations have been made to qualified municipalities, would also be deposited into the PHARE Fund.

It is likely that the funds in this program will not be sufficient to meet all the housing needs and mitigate every housing impact created by the shale gas development; therefore investment decisions will target the limited funds to projects that meet the principles outlined above and most comprehensively address the elements of the plan.

Where possible these funds will be targeted and stay focused on mitigating the very specific housing impacts created by the shale development in the impacted and designated communities. This element will likely result in the determination that while there may be worthy housing projects that could be funded with these resources, the focus of development will be on most comprehensively addressing the direct and tangible housing impacts. Priority may be given to target resources in tandem with approved county housing trust fund plans and/or plans for the utilization of local share impact fee funds.

Eligible Applicants

Applicants eligible to receive PHARE/Marcellus Shale funds include counties that have adopted impact fees as well as municipalities who have further contributed to PHARE via windfall/spill over funds from the impact fee. While only eligible applicants may apply, nonprofit and for profit organizations may be part of the application process.

Counties and municipalities may also delegate the role of “applicant” to a nonprofit or for-profit organization for purposes of the application. In the case where a county or municipality has designated another organization, agency or department to apply on their behalf, documentation identifying such must be included in the application.

There are many diverse interests that are concerned about the anticipated housing impact and therefore how these resources will be allocated to address the need. To the greatest extent possible opportunities should be created for relevant and legitimate stakeholders to comment and advise the plan. This element will need to be managed for practicality and efficiency in order to maximize input. Preference: Applications that 1.) Provide a process where members of the community and other stakeholders may provide input on the application prior to submission; and/or 2.) Include Optional Affordable Housing funds (Act 137 of 1989) and/or local share portions of the impact fee.

PHFA also requests that applicants include information on how the county is using local shares of public resources, including local Act 13 funds and Act 137 (county-based housing trust fund) monies, to address housing needs in the community.

Preliminary approval and funding of applications is contingent upon receipt of funds under Act 13 of 2012.

PHARE/Realty Transfer Tax Fund (Act 58 of 2015)

In November 2015, Governor Wolf signed Act 58 of 2015, which, in part, directs certain Realty Transfer

Tax (RTT) receipts to the Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund (PHARE, Act 105 of 2010). This revenue source is available in all 67 counties of the Commonwealth.

Under Act 58 of 2015 (RTT), PHFA's PHARE program will receive an allocation of funds based on a formula using 2014 year as a base. (The annual amount available for the PHARE program will be equal to the lesser of forty percent (40%) of the difference between the total dollar amount of the Realty Transfer Tax imposed under section 1102-C of the Tax Reform Code of 1971 collected for the prior fiscal year and the total amount of RTT estimated for the fiscal year beginning July 1, 2014.) The PHARE/RTT fund will be capped at \$25 million annually. Funding allocations and reporting will be completed in accordance with PHARE requirements.

Purpose and Priorities for Funding

The PHARE/RTT Program will provide funds to projects/programs providing sustainable and comprehensive solutions to address housing and community development needs across the Commonwealth.

These funds will be directed to address clearly articulated needs in communities based on the following priorities;

1. Preservation of the current stock of rental housing or the development/creation of new affordable rental housing to address unmet local need. This includes projects/programs for the elderly in danger of losing their homes and rental assistance to help families remain in their residence.
2. Funding for projects/programs to address ongoing housing needs for reducing homelessness, including specific and targeted vulnerable populations (veterans, persons with disabilities, supportive housing for the elderly, re-entry population, families and youth).
3. Funding for comprehensive housing and redevelopment efforts that address blighted and abandoned properties impacting concerted community revitalization efforts, supported by clearly articulated community plans. This could include a variety of housing/redevelopment strategies such as acquisition, demolition, construction, rehabilitation, site remediation, and other efforts.
4. Creating new opportunities for affordable homeownership. This may include closing cost/ down payment assistance, financial education/counseling or other forms of assistance to potential first-time homebuyers as well as the development/construction of new homes and rehabilitation of existing housing.
5. Other efforts that address unmet housing and community development needs. This could include projects and programs to assist persons living in manufactured communities, homeowners to remain in their homes through renovation/mortgage/utilities or other forms of housing services and assistance, addressing environmental conditions such as lead paint abatement, and emergency temporary housing needs resulting from disasters.

Priorities for Selection

PHARE/RTT awards will be directed to projects and programs based on the following criteria for selection:

- Projects/programs that show significant leveraging of other funds (local, state and federal, public and private) to ensure maximum impact.
- Projects/programs that have all funding committed and can move rapidly to implementation and utilization.
- Projects/programs that embrace, partner with, and/or are incorporated into a larger local, county, or regional housing development plan.
- Projects/programs that satisfy local planning/zoning ordinances.
- Projects/programs that affirmatively further fair housing.
- Funding for rental housing projects (5 or more units) will adhere to PHFA's Development processes.
- Projects/programs that are specifically designed to address a clearly articulated need in a community or specific population.
- Projects/programs that embrace innovative approaches to statewide housing and community development issues, address underserved and unmet housing needs across the Commonwealth and otherwise meet overall Agency goals for tackling community redevelopment.
- Documented capacity or applicant and ability to proceed with the project/program in a timely manner.

Eligible Applicants

Applicants eligible to receive PHARE/RTT funds include units of local government (counties, cities, boroughs, townships, town and home rule municipalities), nonprofit and for-profit entities, and economic, community, and housing developments organizations in all 67 counties of the Commonwealth.

All applicants are expected to satisfy the affordability requirements of the PHARE program and commit to a long term sustainable program to maintain affordability (which may be documented with restrictive covenants or other program documents). Applicants must abide by prevailing wage labor payment standards where applicable.

All funds will have expenditure deadlines and approved programs/projects must be commenced within one year of funding reward. Additional requirements for application submission will be outlined in the annual RFP.

Preliminary approval and funding of applications is contingent upon receipt of funds under Act 58 of 2015.

PHARE/National Housing Trust Fund (HTF)

The National Housing Trust Fund ("HTF") was enacted as part of the Housing and Economic Recovery Act of 2008 ("HERA") to provide resources to develop, preserve and rehabilitate housing for very low income and extremely low income households. Funding for the HTF is derived from Fannie Mae and Freddie Mac earnings.

HTF funding will be made available to provide additional financial support to Tax Credit properties which increase the number of units set aside for Extremely Low-Income ("ELI") tenants. The Agency received approval from HUD of Pennsylvania's HTF Allocation Plan and is awaiting release of funding from HUD. Upon receipt of HUD program documents and release of funding, the Agency will announce the application process in accordance with the HTF Allocation Plan.

A copy of the approved HUD HTF Allocation Plan can be found at:

<http://www.phfa.org/legislation/act105.aspx>

Pennsylvania Housing Finance Agency
Memorandum

Date: November 8, 2017

To: Members of the Board
Pennsylvania Housing Finance Agency

From: Brian A. Hudson
Executive Director & CEO 

Re: Pennsylvania Housing Finance Agency
Single Family Mortgage Revenue Bonds,
Series 125 and Series 126

The bond market continues to provide attractive opportunities for PHFA to refund existing outstanding bonds. These refundings allow PHFA to achieve cost savings that support thirty year below market rate mortgage loans in our single family program. The current lending rate is 3.625%.

Series 2017-124 Bonds successfully closed in late September and we have fully reserved all of the proceeds for new loans. Issuance of Series 125 is expected by year-end.

As a result of the uncertainty created by the recent release of potential tax law changes, we are considering various financing strategies to best position ourselves to continue with program financings into 2018 and beyond. While the final tax language and potential changes are far from settled, there is concern that the mortgage revenue bond program will be severely curtailed by current proposals. Accordingly, we are exploring many alternative issuing strategies to best position ourselves to grandfather current 2017 tax law treatment.

We are seeking authorization to proceed with Series 125 and Series 126, with a delegation to the Finance Committee to finalize all terms and conditions related to the issuance of either one or both of these transactions, depending on how the discussions regarding tax reform progress over the next 6 weeks. The attached resolutions authorize the transactions.

RESOLUTION OF THE MEMBERS OF THE PENNSYLVANIA HOUSING
FINANCE AGENCY AUTHORIZING THE ISSUANCE OF
SINGLE FAMILY MORTGAGE REVENUE BONDS,
SERIES 125

WHEREAS, pursuant to the Housing Finance Agency Law, 35 P.S. Section 1680.101 et seq., "the Agency has the power...as authorized from time to time by resolution of the members and subject to the written approval of the Governor to issue its negotiable bonds...and notes in such principal amount as... shall be necessary to provide sufficient funds for achieving its corporate purposes...at such price or prices as the Agency shall determine..."; and

WHEREAS, the Agency has determined to issue its Single Family Mortgage Revenue Bonds, Series 125 in accordance with a Series Resolution to be attached hereto and made a part hereof; and

WHEREAS, pursuant to a resolution of the Agency adopted June 13, 1991 and entitled "RESOLUTION OF THE PENNSYLVANIA HOUSING FINANCE AGENCY DELEGATING TO THE FINANCE COMMITTEE CERTAIN SPECIFIC AUTHORITY RELATING TO AGENCY BOND ISSUES," the Agency has determined to delegate to the Finance Committee of the Board of the Agency, within the perimeters established herein, the authorization to negotiate the final terms of such series of bonds.

NOW, THEREFORE, be it resolved by the members of the Pennsylvania Housing Finance Agency on this 9th day of November, 2017 as follows:

Section 1. Adoption of the Series 125 Resolution. The Series Resolution authorizing the issuance of the Agency's Single Family Mortgage Revenue Bonds, Series 125 (the "Bonds") is hereby incorporated herein by reference and is adopted by the Agency.

Section 2. Delegation of Authorization to Negotiate Final Terms. (a) Subject to the provisions of this Section 2, the Finance Committee is hereby authorized and directed to negotiate, prepare or accept, execute, deliver and distribute, for and on behalf of the Agency and in the name thereof, a contract of purchase and/or agreement and memorandum of understanding, which outlines terms of final pricing, interest rates, tender and redemption provisions, bond maturities, payment of associated costs of issuance appropriate for the financing (including reasonable compensation for applicable structuring and fees related thereto), and such documents as may be necessary for the transaction, including offering and disclosure documents, an indenture and all other documents relating to the issuance of and investment mechanisms relating to the Bonds and related securities, which may include taxable, variable rate or fixed rate notes. At the time such final terms have been negotiated on behalf of the Agency, such final terms shall be incorporated into the Series 125 Resolution, which, with such final terms so incorporated, shall constitute the Series Resolution of the Agency authorizing the issuance of the Bonds.

(b) The final terms of the Series 125 Bonds shall be as negotiated by the Finance Committee, provided, however, as follows: (i) the principal amount of the Series 125 Bonds shall not exceed \$750,000,000, (ii) the final maturity of the Series 125 Bonds shall be no later than 2050, and (iii) the initial interest rate or rates on the Series 125 Bonds shall be a rate or rates resulting in a net interest cost no higher than 8% per annum.

Section 3. The Executive Director, Deputy Executive Director and Chief Counsel or Director of Finance is authorized to enter into one or more guaranteed investment contracts, escrow deposit agreements or other investment instruments relating to the Bonds, to take all necessary actions and to make any necessary and appropriate amendments or adjustments to all or a relevant portion of any bonds issued under the Indenture and to secure substitute facilities and remarketing agreements for any of the Agency's outstanding variable rate demand obligations.

Section 4. This Resolution shall take effect immediately.

RESOLUTION OF THE MEMBERS OF THE PENNSYLVANIA HOUSING
FINANCE AGENCY AUTHORIZING THE ISSUANCE OF
SINGLE FAMILY MORTGAGE REVENUE BONDS,
SERIES 126

WHEREAS, pursuant to the Housing Finance Agency Law, 35 P.S. Section 1680.101 et seq., "the Agency has the power...as authorized from time to time by resolution of the members and subject to the written approval of the Governor to issue its negotiable bonds...and notes in such principal amount as... shall be necessary to provide sufficient funds for achieving its corporate purposes...at such price or prices as the Agency shall determine..."; and

WHEREAS, the Agency has determined to issue its Single Family Mortgage Revenue Bonds, Series 126 in accordance with a Series Resolution to be attached hereto and made a part hereof; and

WHEREAS, pursuant to a resolution of the Agency adopted June 13, 1991 and entitled "RESOLUTION OF THE PENNSYLVANIA HOUSING FINANCE AGENCY DELEGATING TO THE FINANCE COMMITTEE CERTAIN SPECIFIC AUTHORITY RELATING TO AGENCY BOND ISSUES," the Agency has determined to delegate to the Finance Committee of the Board of the Agency, within the perimeters established herein, the authorization to negotiate the final terms of such series of bonds.

NOW, THEREFORE, be it resolved by the members of the Pennsylvania Housing Finance Agency on this 9th day of November, 2017 as follows:

Section 1. Adoption of the Series 126 Resolution. The Series Resolution authorizing the issuance of the Agency's Single Family Mortgage Revenue Bonds, Series 126 (the "Bonds") is hereby incorporated herein by reference and is adopted by the Agency.

Section 2. Delegation of Authorization to Negotiate Final Terms. (a) Subject to the provisions of this Section 2, the Finance Committee is hereby authorized and directed to negotiate, prepare or accept, execute, deliver and distribute, for and on behalf of the Agency and in the name thereof, a contract of purchase and/or agreement and memorandum of understanding, which outlines terms of final pricing, interest rates, tender and redemption provisions, bond maturities, payment of associated costs of issuance appropriate for the financing (including reasonable compensation for applicable structuring and fees related thereto), and such documents as may be necessary for the transaction, including offering and disclosure documents, an indenture and all other documents relating to the issuance of and investment mechanisms relating to the Bonds and related securities, which may include taxable, variable rate or fixed rate notes. At the time such final terms have been negotiated on behalf of the Agency, such final terms shall be incorporated into the Series 126 Resolution, which, with such final terms so incorporated, shall constitute the Series Resolution of the Agency authorizing the issuance of the Bonds.

(b) The final terms of the Series 126 Bonds shall be as negotiated by the Finance Committee, provided, however, as follows: (i) the principal amount of the Series 126 Bonds shall not exceed \$750,000,000, (ii) the final maturity of the Series 126 Bonds shall be no later than 2050, and (iii) the initial interest rate or rates on the Series 126 Bonds shall be a rate or rates resulting in a net interest cost no higher than 8% per annum.

Section 3. The Executive Director, Deputy Executive Director and Chief Counsel or Director of Finance is authorized to enter into one or more guaranteed investment contracts, escrow deposit agreements or other investment instruments relating to the Bonds, to take all necessary actions and to make any necessary and appropriate amendments or adjustments to all or a relevant portion of any bonds issued under the Indenture and to secure substitute facilities and remarketing agreements for any of the Agency's outstanding variable rate demand obligations.

Section 4. This Resolution shall take effect immediately.

**Pennsylvania Housing Finance Agency
Memorandum**

Date: November 8, 2017

To: Members of the Board
Pennsylvania Housing Finance Agency

From: Brian A Hudson
Executive Director and CEO



Re: Federal Home Loan Bank Program Participation

The Federal Home Loan Bank of Pittsburgh (FHLB) has been a continuous partner in our affordable housing mission through actively participating in our MRB deals, providing grant money for low income borrowers and many other affordable housing contributions.

Through the Agency's qualification as a "non-member borrower" in the FHLB, the Agency may borrow funds from the FHLB at very attractive rates on a "line of credit" basis. These borrowing rates are much better than rates available through conventional financial institutions. (The FHLB rates are set daily and are based on the FHLB borrowing costs.) Once we are setup with the FHLB, we can borrow money at various terms out to 30 years to match the specific financing need.

The FHLB program will be available on an ongoing basis, without transaction costs and without the need for tax exempt bond or note opinions. Having this source of funding enables the Agency to ensure it will have liquidity when needed for general agency operations, for repurchased or warehoused loans in the MBS portfolio, and as a possible financing mechanism for programs such as our closing cost assistance program.

A resolution is attached authorizing PHFA borrowing an amount not to exceed \$100,000,000 through the FHLB Program.

RESOLUTION OF THE MEMBERS OF THE PENNSYLVANIA HOUSING FINANCE
AGENCY APPROVING BORROWING AN AMOUNT NOT TO EXCEED \$100,000,000
THROUGH THE FEDERAL HOME LOAN BANK NON-MEMBER BORROWING
PROGRAM

WHEREAS, the Pennsylvania Housing Finance Agency (the "Agency") exists pursuant to the housing finance agency law, 35 P.S. Section 1680.101 *et seq.* (the "Act") for the purposes, *inter alia*, of creating and stimulating affordable housing and administering housing financing programs throughout the Commonwealth for persons of low and moderate income;

WHEREAS, the Act provides that the Agency may do such things as are necessary and convenient to carry out its operations and programs;

WHEREAS, the Act provides that the Agency may borrow money for the operation and work of the Agency and for the administration of its programs in accordance with the provisions of the Act;

WHEREAS, the Agency has determined that it is desirous of entering into an agreement with the Federal Home Loan Bank of Pittsburgh to establish a funding facility in an amount not to exceed \$100,000,000 to be used for its general corporate and program purposes.

NOW THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE PENNSYLVANIA HOUSING FINANCE AGENCY ON THIS 9th DAY OF NOVEMBER, 2017 AS FOLLOWS:

Section 1. Staff is authorized and directed to enter into an agreement with the Federal Home Loan Bank of Pittsburgh authorizing the Agency to borrow funds for the its general corporate, program and liquidity purposes as set forth below.

Section 2. The maximum amount outstanding under the aggregate FHLB program loan at any time shall not exceed \$100,000,000; the interest rate on the FHLB funds shall be set at the time such funds are drawn and shall be evidenced in a note executed at each draw, at a rate of established by FHLB and agreed to by PHFA (which rate shall not exceed 8% per annum); funds shall be drawn down in increments agreed upon by the parties; the term of each Note shall not exceed thirty years; the FHLB loan shall be secured by pledges of such mortgage instruments, collateral or security as FHLB deems acceptable from time to time.

Section 3. This Resolution shall take effect immediately.